

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 00-0407

**Individual Income Tax
Calendar Years 1997, 1998, AND 1999**

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ISSUE(S)

I. Individual Income Tax – Failure to file returns

Authority: 45 IAC 3.1-1-1

Taxpayer protests the audit assessment

II. Tax Administration – Penalty

Authority: IC 6-8-10-1-2.1, 45 IAC 15-11-2

The Department addresses the penalty.

STATEMENT OF FACTS

Taxpayer, at hearing on May 10, 2001, failed to provide documentation that would allow the department to make an adjustment to the audit. Taxpayer was given thirty days (30) to obtain bank statements for his personal and business accounts and other pertinent information and to take them to the district office and the auditor would use the information to supplement the audit. The taxpayer provided minimal records that could not be verified for accuracy. Taxpayer provided conflicting information, both to the hearing officer and the auditor. The determination is made based upon information contained in the audit file, taxpayer's protest letter dated October 7, 2000, information at hearing on May 10, 2001, and auditor's remarks dated August 7, 2001.

Taxpayer is a sole proprietor of a travel agency and vending machines from which he sells prepaid telephone calling cards. Taxpayer is the sole shareholder of an S-corporation that owned two sandwich shops, both of which were sold during the audit period. Taxpayer also owns rental property in Indiana and has not filed tax returns since 1996. Other audits relating to the taxpayer are contained in Audit Control Numbers 270032-08, 268638-04, 269659-02, 271118-04, and 272157-00.

The auditor states, that documentation provided appeared to have been generated on a home computer and no viable data from outside sources to substantiate taxpayer's claim of minimal income. The source documents were never made available.

The taxpayer filed no individual income tax returns for the years at audit.

On May 11, 2001 the file was returned to the auditor because the taxpayer stated that it had additional information to negate a portion of the assessment. On August 7, 2001 the auditor returned the file to the Legal Division without resolution.

I. Individual Income Tax – Failure to file Returns

DISCUSSION

Taxpayer's letter dated October 7, 2000 states it does not owe what the department determined and he has additional information to negate a portion of the assessment. Taxpayer, however, did not provide documentation to allow the department to make adjustments to the audit.

FINDING

Taxpayer's protest is denied.

II. Tax Administration – Penalty

DISCUSSION

Although the taxpayer did not specifically protest the penalty assessed, the department addresses the penalty. Taxpayer failed to file IT-40 returns as required.

Taxpayer has not provided reasonable cause for the failure to file returns.

FINDING

Taxpayer's protest is denied.

CONCLUSION

Taxpayer's protest is denied for issues I and II.